

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF PIKEVILLE)
NATIONAL BANK AND TRUST COMPANY OF PIKE)
COUNTY, KENTUCKY, AND THE MOUNTAIN WATER)
DISTRICT OF PIKE COUNTY, KENTUCKY, FOR) CASE NO. 95-102
AUTHORIZATION TO TRANSFER SEWAGE)
TREATMENT FACILITIES, COLLECTION SEWERS,)
ETC., TO THE MOUNTAIN WATER DISTRICT)

O R D E R

On March 16, 1995, Pikeville National Bank and Trust Company ("PNB") and Mountain Water District ("Mountain Water") filed with the Public Service Commission ("Commission") a joint application requesting Commission approval of a transfer of sewage treatment facilities, collection sewers, etc., located at the Centennial Subdivision in Pike County, Kentucky, from PNB to Mountain Water. Attached to the application was a signed agreement between PNB and Mountain Water dated August 18, 1994, concerning the conditions of transfer.

Mountain Water is a water district organized under the provisions of KRS Chapter 74 which provides water and sewer service in Pike County, Kentucky. Mountain Water is a utility within the definition of KRS 278.010(3) and is subject to the jurisdiction of this Commission. PNB is a National Banking Association operating under applicable laws and is authorized to do business in Kentucky. Its Articles of Association were previously filed with the

Commission in Case No. 94-219.¹ As PNB presently owns a facility to be used for the treatment of sewage for the public, for compensation, it is a utility within the definition of KRS 278.010(3) and is subject to the jurisdiction of the Commission.

In Case No. 94-219, PNB was granted a Certificate of Public Convenience and Necessity to construct a 20,000 gallon-per-day wastewater treatment plant and 2,330 feet of 8 inch sewers and miscellaneous appurtenances. The final Order was issued in Case No. 94-219 on September 19, 1994, with the understanding that upon completion of construction of the proposed system, PNB and Mountain Water would file a joint application with the Commission seeking approval of the transfer of the system from PNB to Mountain Water under the terms of the agreement. This is that application.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to receive Commission approval prior to the acquisition or transfer of ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval.

The sewage system has been constructed, but is currently not in operation. No customer rates have been established by PNB for sewage service.

¹ Case No. 94-219, The Application of Pikeville National Bank and Trust Company of Pike County, Kentucky, For a Certificate of Public Convenience and Necessity Authorizing and Permitting Said Company to Construct Sewage Treatment Facilities, Collection Sewers, Etc.

Based on the evidence of record, the Commission finds that the proposed transfer of the sewage system from PNB to Mountain Water is feasible, is in the public interest, and is consistent with KRS 278.020(4) and (5). The Commission also finds that Mountain Water has the financial, technical, and managerial abilities to provide adequate sewage service to the additional customers which will result from the transfer.

IT IS THEREFORE ORDERED that:

1. The transfer of the sewage treatment facilities, collection sewers, etc., located at the Centennial Subdivision in Pike County, Kentucky, from PNB to Mountain Water is approved.

2. Mountain Water shall notify the Commission within ten days of the date of closing of the proposed transfer or, in the alternative, shall notify the Commission if the proposed transfer does not occur.

3. Within 30 days of the date of transfer, Mountain Water shall file with the Commission a list of all assets received from PNB in the transfer.

4. Within 30 days of the date of transfer, Mountain Water shall file with the Commission the accounting entries used to record the transfer.

5. As PNB had not established rates, classifications, or regulations for its sewage treatment facilities, Mountain Water shall not be required to file an adoption notice pursuant to 807 KAR 5:011, Section 11. However, Mountain Water, within 30 days of the date of transfer, shall file with the Commission an application

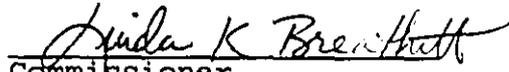
to establish appropriate customer rates, classifications, and regulations for its newly acquired sewage treatment facilities.

Done at Frankfort, Kentucky, this 10th day of May, 1995.

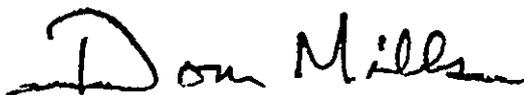
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director